

AR45



CRUSH INTERNATIONAL  
LIMITED

44TH ANNUAL REPORT, FISCAL YEAR ENDED NOVEMBER 1, 1967



## ANNUAL MEETING

The Annual Meeting of our Shareholders will be held at Royal York Hotel, Toronto, at Ten o'clock in the morning, on Thursday, February 22nd, 1968.



# CRUSH INTERNATIONAL LIMITED

44TH ANNUAL REPORT, FISCAL YEAR ENDED NOVEMBER 1, 1967



## Report to Shareholders of Crush International Limited

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Your Board of Directors is pleased to report that during the fiscal year ended November 1, 1967, your Company attained the highest sales and earnings in its history.

Consolidated earnings after tax amounted to \$1,456,685 or \$1.06 per share as compared with \$1,305,742 and 96¢ per share last year. The improvement in the earnings has contributed to the overall financial strength of your Company.

✓ A long-term loan was arranged in the amount of U.S. \$3,500,000 on favourable terms, providing a financial base for further development in other areas available to us. Several major markets were opened in the United States and plans have been laid for active movement into further important localities. While requiring substantial marketing investment, the results of the past year have justified the soundness of this policy.

Intense competition in Canada accentuated by unseasonably cool summer weather created a situation demanding drastic changes which, fortunately, when done, reversed unsatisfactory

trends. This action, along with some price adjustments in the industry partially offsetting increased labour and other costs, enabled the Canadian company to record satisfactory results for the year.

The Export operation continues to expand in spite of political and monetary instability in certain areas. We anticipate continued sound development in the coming year in this important segment of our business.

Our Winnipeg bottling plant was sold during the year and the area is now served by a franchised bottler. The loss on the closing of this plant has been charged to Retained Earnings in accordance with our normal practice.

You will note on the Balance Sheet and in the Statement of Retained Earnings an appropriation of \$500,000 with respect to the establishment of a Contingency Reserve. ✓ We have seen during the past few years the growth of cans and non-returnable bottles and the effect of

these new factors is as yet unknown and the life of traditional bottles and shells is difficult to determine. Your Directors have, therefore, established this Reserve for Contingency in the event it may prove necessary in the future to revalue containers in the light of their future earning power as a result of these fundamental changes in the Soft Drink Industry.

A new plant has been erected in Ottawa replacing the older Pure Spring plant. This will be in full operation in February 1968. An addition to the KIK plant in Montreal is under way and will result in our being able to better serve this very important market. This expansion should be completed by May 1968.

On August 21st Mr. David Armour was appointed Vice-President and General Manager of Crush Beverages Limited, one of our two Canadian operating subsidiaries.

The Company suffered a sad loss during the year in the passing of Mr. Geoffrey E. Phipps,

one of our Directors, who assisted greatly in the sound development of the Company. He will be sorely missed.

Mr. John A. McCleery, C.A. has been elected to the Board of Directors. This appointment should provide the Company with additional valuable advice and counsel.

The wholehearted efforts of our employees have enabled us to overcome many difficulties and achieve the fine results shown. To them we extend our sincere thanks.

The year ahead will be a challenging one with many new developments in packaging, products and distribution. Your Company is prepared and ready to meet these challenges with confidence and enthusiasm and looks forward to greater success in 1968.

For the Board of Directors

J. M. THOMPSON  
*Chairman of the Board*

LOUIS COLLINS  
*President*

January 4, 1968.



CRUSH INTERNATIONAL LIMITED *and subsidiaries*

Five Year Comparison (NOTE)

FINANCIAL RESULTS	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>	<u>1963</u>
Earnings before taxes - - - - -	\$2,186,576	\$1,852,944	\$1,649,531	\$1,849,482	\$1,509,951
Net earnings - - - - -	1,456,685	1,305,742	1,377,634	1,142,704	949,993
Less preferred dividends - - - - -	—	—	—	—	16,250
Net earnings after preferred dividends - - - - -	1,456,685	1,305,742	1,377,634	1,142,704	933,743
Earnings per common share - - -	1.06	.96	1.01	.84	.74
Dividends common - - - - -	546,588	409,151	326,700	271,478	175,510
Dividends per common share - -	.40	.30	.24	.20	.15
Common shares outstanding - - -	1,367,276	1,363,876	1,362,676	1,359,576	1,275,576
FINANCIAL POSITION					
Current assets - - - - -	7,699,862	8,092,528	6,555,999	4,445,065	3,521,717
Current liabilities - - - - -	3,912,969	4,048,551	3,214,119	2,395,758	2,497,304
Working capital - - - - -	3,786,893	4,043,977	3,341,880	2,049,307	1,024,413
Fixed assets—net - - - - -	6,183,825	5,836,281	5,340,437	3,839,592	3,127,474
Other assets - - - - -	4,253,974	4,382,623	4,357,692	3,882,820	3,108,394
Long-term indebtedness and customers' deposits - - - - -	4,450,563	5,120,498	4,801,417	2,602,661	1,435,309
Shareholders' equity—common - -	9,774,129	9,142,383	8,238,592	7,169,058	5,824,972
Book value per common share - -	7.15	6.70	6.05	5.27	4.57

NOTE: The figures for the year 1963 have been adjusted to reflect the subdivision of common shares effected in 1964.

# CRUSH INTERNATIONAL LIMITED *and subsidiaries*

## Consolidated Statement of Earnings

FOR THE YEAR ENDED NOVEMBER 1, 1967 (with comparative figures for the year ended November 2, 1966)

	1967	1966
GROSS OPERATING REVENUE - - - - -	\$28,844,843	\$25,502,290
NET EARNINGS BEFORE DEDUCTING THE FOLLOWING - - - - -	3,186,684	2,935,309
Interest on long-term debt, bank loans and advances - - - - -	185,920	224,769
Depreciation - - - - -	518,065	536,359
Amortization of containers - - - - -	343,843	348,422
Profit on sale of fixed assets - - - - -	(47,720)	(27,185)
	1,000,108	1,082,365
	2,186,576	1,852,944
PROVISION FOR INCOME TAXES (note 6) - - - - -	729,891	547,202
NET EARNINGS FOR THE YEAR - - - - -	\$ 1,456,685	\$ 1,305,742
	5.05	5.12

## Consolidated Statement of Retained Earnings

FOR THE YEAR ENDED NOVEMBER 1, 1967 (with comparative figures for the year ended November 2, 1966)

	1967	1966
BALANCE—BEGINNING OF YEAR - - - - -	\$ 5,387,004	\$ 4,490,413
Net earnings for the year - - - - -	1,456,685	1,305,742
	6,843,689	5,796,155
Dividends - - - - -	546,588	409,151
Loss on disposal of Winnipeg Division - - - - -	153,897	—
Foreign income taxes on intercompany dividend paid from prior years' earnings - - - - -	144,854	—
Appropriation to contingency reserve - - - - -	500,000	—
	1,345,339	409,151
BALANCE—END OF YEAR - - - - -	\$ 5,498,350	\$ 5,387,004



# CRUSH INTERNATIONAL LIMITED

(Incorporated under the laws of Ontario)

and subsidiaries

## ASSETS

### CURRENT ASSETS

	1967	1966
Cash - - - - -	\$ 2,875,464	\$ 3,352,211
Accounts receivable - - - - -	2,137,612	1,886,890
Income taxes recoverable - - - - -	36,082	283,106
Inventories—at the lower of cost or net realizable value - - - - -	2,479,550	2,365,955
Prepaid expenses - - - - -	171,154	204,366
	<u>7,699,862</u>	<u>8,092,528</u>

### FIXED ASSETS

Land, buildings, construction in progress, machinery and equipment —at cost (note 1) - - - - -	9,827,418	9,408,906
Accumulated depreciation - - - - -	3,643,593	3,572,625
	<u>6,183,825</u>	<u>5,836,281</u>

### SUNDRY ASSETS

Returnable containers on hand and with customers—at cost, less amounts written off - - - - -	1,701,136	1,986,957
Deferred accounts receivable - - - - -	210,550	52,166
Investment in shares of foreign subsidiaries not consolidated—at cost (note 2) - - - - -	27,105	27,105
Other investments—at cost - - - - -	11,620	12,324
	<u>1,950,411</u>	<u>2,078,552</u>

TRADE-MARKS, FORMULAE AND GOODWILL—at cost, less amounts written off - - - - -	2,303,563	2,304,071
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Signed on behalf of the board

LOUIS COLLINS, *Director*

D. A. McINTOSH, *Director*

<u>\$18,137,661</u>	<u>\$18,311,432</u>
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Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Crush International Limited and its subsidiaries as at November 1, 1967 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.



# Consolidated Balance Sheet

AS AT NOVEMBER 1, 1967

(with comparative figures as at November 2, 1966)

## LIABILITIES

### CURRENT LIABILITIES

	1967	1966
Bank advances - - - - -	\$ —	\$ 1,052,190
Accounts payable and accrued liabilities - - - - -	3,121,424	2,482,121
Income and sundry taxes payable - - - - -	791,545	514,240
	<u>3,912,969</u>	<u>4,048,551</u>
REFUNDABLE DEPOSITS ON CONTAINERS - - - - -	<u>530,113</u>	<u>608,998</u>

### LONG-TERM DEBT (note 3)

6% Mortgage payable - - - - -	157,950	—
Term loan (U.S. \$3,500,000) - - - - -	3,762,500	4,511,500
	<u>3,920,450</u>	<u>4,511,500</u>
	<u>8,363,532</u>	<u>9,169,049</u>

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK

##### Authorized—

90,000 preference shares of a par value of \$100 each, issuable in series

3,000,000 common shares without par value

##### Issued and fully paid (note 4)—

1,367,276 common shares - - - - -	<u>3,775,779</u>	<u>3,755,379</u>
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### RETAINED EARNINGS

Contingency reserve - - - - -	500,000	—
Unappropriated balance - - - - -	5,498,350	5,387,004
	<u>5,998,350</u>	<u>5,387,004</u>
	<u>9,774,129</u>	<u>9,142,383</u>
	<u>\$18,137,661</u>	<u>\$18,311,432</u>

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 1, 1967 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, December 29, 1967

COOPERS & LYBRAND  
Chartered Accountants

## Consolidated Statement of Source and Use of Funds

FOR THE YEAR ENDED NOVEMBER 1, 1967 (with comparative figures for the year ended November 2, 1966)

	1967	1966
SOURCE OF FUNDS		
Net earnings for the year - - - - -	\$1,456,685	\$1,305,742
Add:		
Charges not requiring cash outlay—		
Depreciation - - - - -	518,065	536,359
Amortization of containers - - - - -	343,843	348,422
	<u>2,318,593</u>	<u>2,190,523</u>
Deduct:		
Profit on sale of fixed assets - - - - -	47,720	27,185
Total from operations - - - - -	<u>2,270,873</u>	<u>2,163,338</u>
6% Mortgage - - - - -	157,950	—
Term loan - - - - -	3,762,500	326,500
Issue of capital stock - - - - -	20,400	7,200
	<u>6,211,723</u>	<u>2,497,038</u>
USE OF FUNDS		
Additions to fixed assets, less proceeds of disposals - - - - -	851,086	1,005,018
Containers, less proceeds of disposals - - - - -	210,134	370,577
Dividends - - - - -	546,588	409,151
Bank loans - - - - -	4,511,500	—
Deposits on containers - - - - -	9,284	7,419
Expenses on disposal of Winnipeg Division - - - - -	32,371	—
Foreign income taxes on intercompany dividend - - - - -	144,854	—
Deferred accounts receivable - - - - -	158,384	(11,493)
Other - - - - -	4,606	14,269
	<u>6,468,807</u>	<u>1,794,941</u>
INCREASE (DECREASE) IN WORKING CAPITAL - - - - -	(257,084)	702,097
WORKING CAPITAL—BEGINNING OF YEAR - - - - -	4,043,977	3,341,880
WORKING CAPITAL—END OF YEAR - - - - -	<u>\$3,786,893</u>	<u>\$4,043,977</u>



## Explanatory Notes to Consolidated Financial Statements

FOR THE YEAR ENDED NOVEMBER 1, 1967

### 1. FIXED ASSETS

The company has entered into agreements for the construction of buildings and the purchase of equipment requiring an additional expenditure of approximately \$1,100,000.

### 2. FOREIGN SUBSIDIARIES

The following information on the wholly-owned foreign subsidiaries whose assets and liabilities and income and expenses were not included in these statements is submitted in accordance with the requirements of section 89 of The Corporations Act:

- (a) The accounts of the subsidiaries were not consolidated herein because exchange restrictions apply.
- (b) The subsidiaries' profits for the year were \$139,484. No income from the subsidiaries has been included in the company's accounts for the year.
- (c) The subsidiaries' undistributed profits earned since acquisition and not taken into the accounts of the company were \$382,238 at November 1, 1967.

### 3. LONG-TERM DEBT

The 6% mortgage is payable in monthly instalments of \$1,350 plus interest maturing July 31, 1972.

The term loan is a bank loan repayable in annual instalments of U.S. \$390,000 commencing November 1, 1969 with the balance payable on November 1, 1977, bearing interest payable monthly at 1% above the prime New York rate and to be secured by Serial Bonds which Serial Bonds are to be secured on the assets of the company and on assets of certain subsidiaries.

### 4. CAPITAL STOCK

Changes during the year in issued and fully paid common shares without par value were as follows:

	Number of Shares	\$
Balance—November 2, 1966 - - - - -	1,363,876	3,755,379
Issue of 3,400 shares for \$20,400 cash pursuant to options held by executive officers of the company or its subsidiaries - - - - -	3,400	20,400
Balance—November 1, 1967 - - - - -	<u>1,367,276</u>	<u>3,775,779</u>

Executive officers of the company or its subsidiaries hold options exercisable at various dates on or before June 6, 1976 to purchase 35,800 common shares at prices ranging from \$6.00 to \$15.00 per share.

### 5. FOREIGN EXCHANGE

Foreign currencies other than United States dollars have been converted at the exchange rate prevailing at the balance sheet date.

United States dollars have been converted to Canadian dollars as follows:

- (a) Current assets and current liabilities at the exchange rate prevailing at the balance sheet date.
- (b) Other assets and liabilities substantially at the rate prevailing when they were acquired or incurred.
- (c) Earnings at the official rate of exchange.

The resulting net exchange adjustment is included on the balance sheet in accounts payable and accrued liabilities.

### 6. INCOME TAXES

Provision for income taxes for the year has been reduced approximately \$235,000 (1966—\$220,000) by the application of preacquisition losses of a subsidiary acquired in 1965.

### 7. EXECUTIVE REMUNERATION

The aggregate direct remuneration of the directors and senior officers amounted to \$198,706.

# CRUSH INTERNATIONAL LIMITED

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Operating in over 50 Countries

## OFFICES

CANADA (*Head Office*):  
1590 O'Connor Drive, Toronto 16, Ontario

UNITED STATES:  
2201 Main Street, Evanston, Illinois

SOUTH AMERICA:  
Avenida Franklin Roosevelt, 84 Rio de Janeiro, Brazil

## SUBSIDIARY COMPANIES

Beverages International Inc.  
Crush Beverages Limited  
Crush International (U.K.) Limited  
Crush International Inc.  
Crush Industria De Concentrados Ltda.  
Gini International Limited  
Inter-American Orange-Crush Company  
International Beverage Services Inc.  
Pure Spring (Canada) Limited

## HOLDING COMPANIES

The Hires Company  
Orange Crush Company

## PRODUCTS

Orange CRUSH  
Lemon-Lime CRUSH  
Grape CRUSH  
Grapefruit CRUSH  
Cream Soda CRUSH  
Strawberry CRUSH  
Sugar-Free Orange CRUSH  
HIRES Root Beer  
HIRES Sugar-Free Root Beer  
KIK Cola  
Sugar-Free KIK Cola  
AMERICA DRY Ginger Ale  
AMERICA DRY Club Soda  
AMERICA DRY Tom Collins  
AMERICA DRY Grapefruit-Lemon  
AMERICA DRY Sugar-Free Ginger Ale  
GURD'S Dry Ginger Ale  
VÉE DE VÉE  
OLD COLONY Beverages  
AMERICA DRY Canned Beverages  
CRUSH Canned Beverages  
HIRES Canned Beverages  
CRUSH Fountain Syrups  
HIRES Fountain Syrups  
PURE SPRING Dry Ginger Ale  
PURE SPRING Flavours & Mixers  
GINI Bitter Lemon  
UPTOWN  
HONEE-ORANGE  
HONEE-GOLD Orange

1-CAL Sugar Free Soft Drinks  
BRIO CHINOTTO  
INDIA EXPRESS Tonic Water  
EXPORT Canned Soft Drinks

## MASTER FRANCHISE FOR CANADA

ROYAL CROWN Cola  
DIET-RITE Cola  
ROYAL CROWN Canned Soft Drinks  
DIET-RITE Canned Soft Drinks

## CONCENTRATE AND PROCESSING PLANTS

Canada: Toronto, Ontario (2); Ottawa, Ontario;  
Montreal, Quebec (2);  
Burlington, Ontario (Warehouse)  
United States: Evanston, Illinois; Trenton, New Jersey  
South America: Montevideo, Uruguay; Rio de Janeiro, Brazil

## BANKERS

Canadian Imperial Bank of Commerce, Toronto, Ontario  
American National Bank and Trust Company, Chicago, Illinois  
Madison Bank and Trust Company, Chicago, Illinois

## TRANSFER AGENT

Crown Trust Company, Montreal, Toronto, Winnipeg  
and Vancouver

## LEGAL COUNSEL

Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto, Ontario  
Kirkland, Ellis, Hodson, Chaffetz & Masters, Chicago, Illinois  
Baker, McKenzie & Hightower, Chicago, Illinois  
Freshfields, London, England

## SHAREHOLDERS' AUDITORS

Coopers & Lybrand, Toronto, Ont.  
McDonald, Currie & Co., Toronto, Ont.  
Lybrand, Ross Bros. & Montgomery, Chicago, Illinois  
Cooper Brothers & Company, London, England

## ADDRESS ALL COMMUNICATIONS TO

The Secretary, Crush International Limited,  
1590 O'Connor Drive, Toronto 16, Ontario

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Si vous désirez recevoir un exemplaire en français du rapport annuel Crush de 1967, veuillez écrire au Secrétaire, Crush International Limited, 1590 O'Connor Drive, Toronto 16, Ont.



# CRUSH INTERNATIONAL LIMITED

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## Board of Directors

RALPH B. BRENAN	- - - - -	ROTHESAY, N.B.
President, G. E. Barbour Company Limited, Saint John, N.B.		
*LOUIS COLLINS	- - - - -	EVANSTON, ILLINOIS
President, Crush International Limited, Toronto, Ont.		
NELSON M. DAVIS	- - - - -	TORONTO, ONT.
Chairman, N. M. Davis Corporation Limited, Toronto, Ont.		
IAN R. DOWIE	- - - - -	TORONTO, ONT.
Chairman, Ontario Committee on the Healing Arts.		
HON. LOUIS P. GÉLINAS, M.B.E.	- - - - -	MONTREAL, P.Q.
Executive Consultant, Geoffrion, Robert & Gélinas, Co., Montreal, P.Q.		
GRANT HORSEY	- - - - -	TORONTO, ONT.
President, Wilgran Corporation Limited, Toronto, Ont.		
**J. WILLIAM HORSEY, LL.D.	- - - - -	TORONTO, ONT.
Director, Crown Trust Company, Toronto, Ont.		
*L. STUART MACKERSY, M.C.	- - - - -	TORONTO, ONT.
Vice-President, North American Life Assurance Co., Toronto, Ont.		
JOHN A. MCCLEERY, C.A.	- - - - -	DON MILLS, ONT.
President, J. A. McCleery Limited, Toronto, Ont.		
*EDWIN C. McDONALD	- - - - -	NEW YORK, N.Y.
Chairman, The Royal Bank of Canada Trust Company, New York, N.Y.		
*D. A. MCINTOSH, Q.C.	- - - - -	TORONTO, ONT.
Partner, Fraser, Beatty, Tucker, McIntosh & Stewart, Toronto, Ont.		
ROBERT A. MCNAIR	- - - - -	TORONTO, ONT.
President, McNair Products Co. Limited, Toronto, Ont.		
*J. M. THOMPSON	- - - - -	WILLOWDALE, ONT.
Chairman of the Board, Crush International Limited, Toronto, Ont.		
(**Chairman of the Executive Committee)		
(* Member of the Executive Committee)		

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## Officers

### CRUSH INTERNATIONAL LIMITED

J. M. THOMPSON	- - - -	Chairman of the Board
LOUIS COLLINS	-	President and Chief Executive Officer
BRIAN GALLAGHER	- - -	Vice-President Finance and Treasurer
R. P. J. DEES	- - - - -	Secretary

### CRUSH BEVERAGES LIMITED

LOUIS COLLINS	- - - - -	President
D. E. P. ARMOUR	-	Vice-President and General Manager
BRIAN GALLAGHER	-	Vice-President and Treasurer
D. G. OTTAWAY	-	Vice-President Production-Engineering
P. DAOUST	- - - - -	Vice-President
R. P. J. DEES	- - - - -	Secretary

### GINI INTERNATIONAL LIMITED

LOUIS COLLINS	- - - - -	President
W. L. JOHNSON	- - -	Vice-President and Treasurer
W. L. LAUTEN	- - - - -	Secretary

### BEVERAGES INTERNATIONAL INC.

and

### CRUSH INTERNATIONAL INC.

J. M. THOMPSON	- - - -	Chairman of the Board
LOUIS COLLINS	- - - - -	President
F. S. O'DONNELL	- - -	Vice-President Marketing
W. L. JOHNSON	- - -	Vice-President and Treasurer
R. A. POINDEXTER	- - -	Vice-President Franchise
J. R. MCGOWAN	- - -	Vice-President International
W. L. LAUTEN	- - - - -	Secretary

### PURE SPRING (CANADA) LIMITED

J. M. THOMPSON	- - - -	Chairman of the Board
NORMAN MIRSKY	- - - - -	President
MERVIN MIRSKY	- - - - -	Vice-President
BRIAN GALLAGHER	-	Vice-President and Treasurer
R. P. J. DEES	- - - - -	Secretary



## OUR PLEDGE

Crush International Limited takes pride in the excellence of its products. To create and produce beverages of unsurpassed freshness, purity and quality is our highest aspiration . . . our constant aim. Thus it is with confidence that we publish this symbol as an honest and unconditional guarantee. We pledge our untiring diligence in maintaining our exacting standards of production . . . in supplying beverages of delicious fresh flavour and wholesome healthful goodness.





